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24 UNITED STATES DISTRICT COURT  
25 NORTHERN DISTRICT OF CALIFORNIA  
26 SAN JOSE DIVISION

27 ACER, INC., ACER AMERICA  
28 CORPORATION and GATEWAY, INC.,

Plaintiffs,

v.

TECHNOLOGY PROPERTIES  
LIMITED, PATRIOT SCIENTIFIC  
CORPORATION, and ALLIACENSE  
LIMITED,

Defendants.

Case No. 5:08-cv-00877 JF

**DEFENDANTS' ANSWER AND  
COUNTERCLAIM TO COMPLAINT FOR  
DECLARATORY JUDGMENT; DEMAND  
FOR TRIAL BY JURY**

Action Filed: February 8, 2008

Declaratory judgment defendants Technology Properties Limited ("TPL"), Patriot Scientific Corporation ("Patriot"), and Alliacense Limited (collectively "Defendants") answer and counterclaim to declaratory judgment plaintiffs Acer Inc., Acer America Corp., and Gateway

1 Inc.'s (collectively "Acer's") Complaint for Declaratory Judgment ("Complaint") by admitting,  
2 denying, and alleging as follows:

- 3 1. Responding to paragraph 1 of the Complaint, admitted.

4 **PARTIES**

5 2. Responding to paragraph 2 of the Complaint, Defendants admit upon information  
6 and belief that Plaintiff Acer, Inc. is a Taiwan corporation with its principal place of business in  
7 Taipei, Taiwan, R.O.C.

8 3. Responding to paragraph 3 of the Complaint, Defendants admit upon information  
9 and belief that Plaintiff Acer America Corporation is a California corporation with its principal  
10 place of business in San Jose, California.

11 4. Responding to paragraph 4 of the Complaint, Defendants admit upon information  
12 and belief that Plaintiff Gateway, Incorporated is a Delaware corporation with its principal place  
13 of business in Irvine, California, and that Gateway is a wholly-owned subsidiary of Acer, Inc.

- 14 5. Responding to paragraph 5 of the Complaint, admitted.

- 15 6. Responding to paragraph 6 of the Complaint, admitted.

16 7. Responding to paragraph 7 of the Complaint, Defendants admit that Alliacense  
17 Ltd. is a California corporation with its principal place of business in Cupertino, California and  
18 that Alliacense enters into negotiations with third parties regarding licenses to the patents-in-suit.  
19 Except as so expressly admitted, denied.

20 **JURISDICTION AND VENUE**

- 21 8. Responding to paragraph 8 of the Complaint, admitted.

- 22 9. Responding to paragraph 9 of the Complaint, admitted.

23 10. Responding to paragraph 10 of the Complaint, Defendants admit that Technology  
24 Properties Limited and Alliacense Ltd. have their principal places of business in this District.  
25 Except as so expressly admitted, denied.

26 **INTRADISTRICT ASSIGNMENT**

- 27 11. Responding to paragraph 11 of the Complaint, denied.

28

**EXISTENCE OF AN ACTUAL CONTROVERSY**

12. Responding to paragraph 12 of the Complaint, admitted.

13. Responding to paragraph 13 of the Complaint, Defendants admit that they have been engaged in discussions with Plaintiff Gateway Inc. since 2004 and with Plaintiff Acer Inc. since 2005 regarding licensing TPL's Moore Microprocessor Patent portfolio ("MMP portfolio"), including U.S. Patent Nos. 5,809,336, 5,784,584, and 5,440,749 (collectively the "patents-in-suit"). Defendants further admit that they have provided claim charts to the Plaintiffs identifying how exemplary Acer and Gateway products are covered by MMP portfolio patents. Except as so expressly admitted, denied.

14. Responding to paragraph 14 of the Complaint, Defendants admit that they have met on with Plaintiffs several times to provide details concerning TPL's MMP portfolio, to answer questions Plaintiffs may have concerning their need for a license to the MMP portfolio patents and to discuss Plaintiffs licensing the MMP portfolio patents. Defendants further admit that Mike Davis, a Senior Vice President of Licensing for Alliacense, did meet with Plaintiffs' representatives on January 20, 2008, and on other occasions, to discuss these issues. Defendants further admit that during the January 20, 2008 meeting, Mr. Davis indicated that if the Plaintiffs continued to refuse to purchase a license, TPL would have to consider pursuing legal options. Except as so expressly admitted, denied.

15. Responding to paragraph 15 of the Complaint, Defendants admit that the parties have been unable to reach an agreement regarding Plaintiffs licensing the MMP portfolio patents. Defendants further admit that Mr. Davis sent an e-mail on February 6, 2008 expressing frustration with Acer's unilateral cancellation of a planned meeting in Vienna and the injection of new Acer representatives to negotiate a possible MMP portfolio license after several years of ongoing negotiations and meetings. Defendants further admit that, after expressing his frustration with Acer's negotiation tactics and delay, Mr. Davis made the following request in his February 6, 2008 e-mail: "Please let me know if Acer still has an interest in resolving this matter outside of the court and if so, how you would like to proceed." Except as so expressly admitted, denied.

16. Responding to paragraph 16 of the Complaint, admitted.

**PLAINTIFFS' FIRST CLAIM**

**DECLARATORY JUDGMENT REGARDING THE '336 PATENT**

17. Responding to paragraph 17 of the Complaint, Defendants hereby repeat and incorporate by reference Defendants' replies to paragraphs 1 through 16 of the Complaint as though fully set forth herein.

18. Responding to paragraph 18 of the Complaint, denied.

**PLAINTIFFS' SECOND CLAIM**

**DECLARATORY JUDGMENT REGARDING THE '584 PATENT**

19. Responding to paragraph 19 of the Complaint, Defendants hereby repeat and incorporate by reference Defendants' replies to paragraphs 1 through 16 of the Complaint as though fully set forth herein.

20. Responding to paragraph 20 of the Complaint, denied.

**PLAINTIFFS' THIRD CLAIM**

**DECLARATORY JUDGMENT REGARDING THE '749 PATENT**

21. Responding to paragraph 21 of the Complaint, Defendants hereby repeat and incorporate by reference Defendants' replies to paragraphs 1 through 16 of the Complaint as though fully set forth herein.

22. Responding to paragraph 22 of the Complaint, denied.

**DEFENDANTS' AFFIRMATIVE DEFENSES**

Defendants allege and assert the following defenses in response to the allegations of the Complaint, undertaking the burden of proof only as to those defenses deemed affirmative defenses by law, regardless of how such defenses are denominated herein:

1. Plaintiffs Acer, Inc., Acer America Corp., and Gateway, Inc. have infringed the patents-in-suit.
2. The patents-in-suit are neither invalid nor unenforceable.
3. The Complaint fails to establish that venue is proper in this District.

**DEFENDANTS' COUNTERCLAIMS**

For their Counterclaims against the Plaintiffs, Defendants-Counterclaim Plaintiffs Technology Properties Limited and Patriot Scientific Corporation allege as follows:

**PARTIES**

1. This is a civil action for patent infringement. This action is based upon the Patent Laws of the United States, 35 U.S.C. § 1, *et seq.*

2. Counterclaim Plaintiff Technology Properties Limited ("TPL") is a corporation organized under the laws of the State of California and maintains its principal place of business in Cupertino, California.

3. Counterclaim Plaintiff Patriot Scientific Corporation ("Patriot") is a corporation organized under the laws of the State of California and maintains its principal place of business in Carlsbad, California.

4. Counterclaim Defendant Acer, Inc. represented in its Complaint that it is a Taiwan corporation with its principal place of business in Taipei, Taiwan, R.O.C.

5. Counterclaim Defendant Acer America Corp. represented in its Complaint that it is a California corporation with its principal place of business in San Jose, California.

6. Counterclaim Defendant Gateway, Inc. represented in its Complaint that it is a Delaware corporation with its principal place of business in Irvine, California. Gateway further represents that it is a wholly-owned subsidiary of Acer.

**JURISDICTION**

7. The court has subject matter jurisdiction over this counterclaim under 28 U.S.C. §§ 1331 and 1338(a).

8. The parties have contested that venue is proper in this district. However, Counterclaim Defendants have committed acts of infringement in this district.

**GENERAL ALLEGATIONS**

9. On September 15, 1998, United States Patent No. 5,809,336 entitled "High Performance Microprocessor Having Variable Speed System Clock" was duly and legally issued. All rights and interest in the '336 patent are co-owned by TPL and Patriot. TPL has the sole and

1 exclusive right and obligation to license and enforce the '336 patent. A true and correct copy of  
2 the '336 patent is attached hereto as Exhibit A.

3 10. On August 8, 1995, United States Patent No. 5,440,749 entitled "High  
4 Performance, Low Cost Microprocessor Architecture" was duly and legally issued. All rights and  
5 interest in the '749 patent are co-owned by TPL and Patriot. TPL has the sole and exclusive right  
6 and obligation to license and enforce the '749 patent. A true and correct copy of the '749 patent  
7 is attached hereto as Exhibit B.

### 8 **COUNT I**

#### 9 **(Infringement of U.S. Patent No. 5,809,336)**

10 11. Paragraphs 1-10 of the Complaint set forth above are incorporated herein by  
11 reference.

12 12. Upon information and belief, Counterclaim Defendants Acer Inc., Acer America  
13 Corp., and Gateway, Inc. have infringed and continue to infringe the '336 patent under 35 U.S.C.  
14 § 271.

15 13. The Counterclaim Defendants' acts of infringement have caused damage to TPL  
16 and Patriot. Under 35 U.S.C. § 284, TPL and Patriot are entitled to recover from the  
17 Counterclaim Defendants the damages sustained by TPL and Patriot as a result of the  
18 infringement of the '336 patent. The Counterclaim Defendants' infringement of TPL's and  
19 Patriot's exclusive rights under the '336 patent will continue to damage TPL's and Patriot's  
20 business, causing irreparable harm, for which there is no adequate remedy at law, unless enjoined  
21 by this Court under 35 U.S.C. § 283.

22 14. TPL and Patriot allege, on information and belief, that the Counterclaim  
23 Defendants' acts of infringement were willful and deliberate.

### 24 **COUNT II**

#### 25 **(Infringement of U.S. Patent No. 5,440,749)**

26 15. Paragraphs 1-10 of the Complaint set forth above are incorporated herein by  
27 reference.

16. Upon information and belief, Counterclaim Defendants Acer Inc., Acer America Corp., and Gateway, Inc. have infringed and continue to infringe the '749 patent under 35 U.S.C. § 271.

17. The Counterclaim Defendants' acts of infringement have caused damage to TPL and Patriot. Under 35 U.S.C. § 284, TPL and Patriot are entitled to recover from the Counterclaim Defendants the damages sustained by TPL and Patriot as a result of the infringement of the '749 patent. The Counterclaim Defendants' infringement of TPL's and Patriot's exclusive rights under the '749 patent will continue to damage TPL's and Patriot's business, causing irreparable harm, for which there is no adequate remedy at law, unless enjoined by this Court under 35 U.S.C. § 283.

18. TPL and Patriot allege, on information and belief, that the Counterclaim Defendants' acts of infringement were willful and deliberate.

## **PRAYER FOR RELIEF**

WHEREFORE, TPL and Patriot respectfully request that this Court enter judgment against Counterclaim Defendants as follows:

A. For judgment that Counterclaim Defendants Acer, Inc., Acer America Corp., and Gateway, Inc. have infringed and continue to infringe the '336 patent and the '749 patent;

B. For permanent injunctions under 35 U.S.C. § 283 against Counterclaim Defendants and their directors, officers, employees, agents, subsidiaries, parents, attorneys, and all persons acting in concert, on behalf of, in joint venture, or in partnership with Counterclaim Defendants from further acts of infringement;

C. For damages to be paid by Counterclaim Defendants adequate to compensate TPL and Patriot for their infringement, including interests, costs and disbursements as the Court may deem appropriate under 35 U.S.C. § 284;

D. For judgment finding that Counterclaim Defendants' infringement was willful and deliberate, entitling TPL and Patriot to increased damages under 35 U.S.C. § 284;

E. For judgment finding this to be an exceptional case against Counterclaim Defendants and awarding TPL and Patriot attorney's fees under 35 U.S.C. § 285; and,

1 F. For such other and further relief at law and in equity as the court may deem just  
2 and proper.

3 Dated: November 21, 2008

FARELLA BRAUN & MARTEL LLP

4  
5 By: /s/ John L. Cooper  
6 John L. Cooper

7 Attorneys for Defendants  
8 TECHNOLOGY PROPERTIES LIMITED  
and ALLIACENSE LIMITED

9 Dated: November 21, 2008

KIRBY NOONAN LANCE & HOGE, LLP

10  
11 By: /s/ Charles T. Hoge  
12 Charles T. Hoge

13 Attorneys for Defendant  
14 PATRIOT SCIENTIFIC CORPORATION  
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**DEMAND FOR JURY TRIAL**

Pursuant to the Federal Rules of Civil Procedure Rule 38, TPL and Patriot hereby demand a jury trial on all issues triable by jury.

Dated: November 21, 2008

FARELLA BRAUN & MARTEL LLP

By: /s/ John L. Cooper  
John L. Cooper

Attorneys for Defendants  
TECHNOLOGY PROPERTIES LIMITED  
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Dated: November 21, 2008

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PATRIOT SCIENTIFIC CORPORATION